



# **Peer Review of Youth Employment Policies in the Republic of Tajikistan**

## ***Synthesis Report***

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## Introduction

The world is currently facing the challenge of giving more and better jobs to young people. Addressing this issue is particularly pressing at a moment of high average of youth unemployment and inactivity across the countries. In order to support global collective actions promoting youth employment, the Resolution “Crisis in youth employment: Call for action” was adopted by the ILO tripartite constituents at the International Labour Conference in 2012 followed by the Oslo Declaration “Restoring confidence in jobs and growth” at the 9th European Regional Meeting in 2013. In addition, in 2015, the challenge of youth employment was included as one of the central goals in the UN’s new development vision as outlined in the recently adopted 2030 Agenda for Sustainable Development.

In this regard, the Resolution concerning the second recurrent discussion on employment suggested “to develop proposals for a voluntary peer review of employment policy with the objective of promoting knowledge-sharing and mutual learning on good practices among members of the organization”. Peer reviews are expected to contribute to better and more effective policies and measures supporting young people. Through stimulating discussion, assessment and benchmarking between countries, a voluntary peer review serves as a general means for the participating countries to improve policy-making, through the adoption of good practices and compliance with recognized standards and criteria.

In the CIS, the peer reviews are conducted within the framework of the project “Partnerships for Youth Employment in the Commonwealth of Independent States (CIS)” which was launched as a response to the global youth employment crisis. The project is implemented by the ILO Moscow Office with financial support of the Russian oil company LUKOIL.

A voluntary peer review network focusing on youth employment policies was launched in 2014 with nine countries participating in the network. In order to offer practical guidance to countries that wish to conduct a voluntary peer review in the area of youth employment, a Toolkit on conducting voluntary peer reviews was developed by the ILO.

For the first round of peer review, the Kyrgyz Republic volunteered to be reviewed by the Republic of Armenia in July 2014.

During the second round, youth employment policies, programmes and institutions of the Republic of Tajikistan were assessed by the tripartite constituents of the Republic of Azerbaijan, who examined the national report prepared by the host country’s Ministry of Labour, Migration and Employment. A three-day on-site visit to Dushanbe, Tajikistan, was carried out in March 2015. The analysis of the national report was prepared by the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan, and then presented and discussed at the meeting of the youth employment regional network members in Krasnoyarsk, Russian Federation, in April 2015.



This report belongs to a series of synthesis reports produced on the basis of findings of the peer review rounds between the countries of Eastern Europe and Central Asia. It summarizes the main findings and recommendations of the second round of peer reviews around integrated youth employment promotion concept, formalization of economy, strengthening legislation, improving the role of Public Employment Service and other aspects, and is based on all mentioned reports, the conclusions of the regional network meeting and external sources of data.



## 1. Main socio-economic and labour market developments

### *Socio-economic situation*

The Tajik economy has made good recovery since the turbulent years in the early 1990s, which were characterized by a deep economic recession. GDP growth has averaged 7 per cent annually over the last years resulting in an almost doubling of real per capita GDP despite rapid population growth.<sup>1</sup> At the same time, the last decade has seen both down- and upturns in the Tajik economy. The country was heavily affected by the economic crisis in 2008-2009, but has since then recovered. Thus, some of the economic changes seem to have been of a cyclical nature, but on an overall level most main macro-economic indicators have nonetheless improved significantly in the 2000s in comparison to the previous decade. The government has undertaken several reforms to improve the economic situation, primarily within the National Development Strategy (2007-2015), that serves as the main strategic document and provides the current overall framework for development planning and policy-making in the country.

The recovery and growth of the national economy of the last decade was mainly associated with the development of such sectors as trade, construction, transportation and communications. Economic growth was to large extent supported by the high remittance flows from Tajik workers abroad. Savings and investments have increased which not only augurs well for continued economic growth, but has already resulted in a rapidly expanding fiscal space for public investments, development of human resources, physical infrastructure and building of stronger public institutions. Political and macro-economic stability has also improved, as reflected in key economic indicators (Table 1). Moreover, a combination of factors such as increased stability, political reforms, and inflow of remittances, have led to notable poverty reduction in Tajikistan - from 81% in 1999 to 47% in 2009<sup>2</sup>) - although significant inequality among the population still observed.

Despite the impressive economic growth, however, many challenges remain, and Tajikistan relies on continued growth rates to be able to address these challenges. In 2012, GDP had not yet recovered to the level of 1991 (in 2012 - 78% of the 1991 GDP rate). The country's economy remains highly vulnerable to external factors. The current economic situation of the main trade partners, not least the Russian Federation (as well as Kazakhstan, China etc.), is already showing negative impact on the economic situation in Tajikistan. National economy slowed in 2008-2009 due to the world economic crisis and in 2014 due to weaker remittances, investments and industrial export growth. A decrease of 42 per cent in labour migrants' remittances from Russia to Tajikistan was observed in the beginning of 2015 compared with the same period of 2014. According to the results of 2014, the volume of money transfers from Russia to Tajikistan equaled to 36 per cent of Tajikistan's GDP<sup>3</sup>.

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<sup>1</sup> UN National Accounts

<sup>2</sup> United Nations Development Assistance Framework (UNDAF) for Tajikistan 2016-2020

<sup>3</sup> Avesta website, Dushanbe, in Russian 0501 gmt 18 June 2015 [www.avesta.tj](http://www.avesta.tj)



**Table 1. Key economic indicators**

	1990	2000	2005	2008	2009	2010	2012	2013
GDP growth (annual, per cent)	-1	8	7	8	4	7	8	7
Per capita GDP, USD	...	139	358	...	...	935	...	...
Inflation, GDP deflator (annual, per cent)	6	23	10	28	12	12	12	4
Exports of goods and services (per cent of GDP)	28	99	26	17	15	15	22	19
Imports of goods and services (per cent of GDP)	35	101	53	72	54	53	69	68
Gross capital formation (per cent of GDP)	25	9	15	20	19	18	20	19
Foreign direct investment, net inflows (BoP, current US\$ mln)	..	...	...	375.7	15.8	15.7	198	107.8
Total government revenues, per cent of GDP	...	14	20	...	...	23	...	...
Total government expenditures, per cent of GDP	...	19	23	...	...	26	...	...
Gross savings as per cent of GDP	...	9	12	...	...	20	...	...

Source: World Bank Data (<http://data.worldbank.org/country/tajikistan>); UN National accounts; IMF Article IV reports 2002, 2006 and 2012

At the current stage, the economic development is largely dependent on labour migration. Unfortunately, cash transfers from Tajik people working abroad are substantially used for financing consumer demands rather than for stimulating national production, developing important sectors of economy (agriculture, industry and service), boosting small and medium businesses and creating new jobs. At the same time there are also positive sides of migration. In the short run, labour migration can reduce unemployment and tensions in the national labour market. The remittances from migrant workers have also contributed significantly to the economic growth of Tajikistan. Nevertheless, there is a need to tackle the challenge of mismatch between the productive potential of the human resource base and the limited size of the domestic economy that cannot make full and productive use of the Tajik labour force.

### *Demographic situation*

The population of Tajikistan of about 8 million is predominated by the growing younger age groups: more than half of the population is under the age of 25 (youth cohort 14-30 y.o. – 34 per cent; 15-29 y.o. – 31 per cent out of all population<sup>4</sup>). On the one hand, this is a great potential for development of the country; on the other hand, the large young population implies a pressing need for creation of

<sup>4</sup> Ministry of Labour, Migration and Employment of Population of the Republic of Tajikistan





new jobs. Over the last years, the annual economic growth rate of average 7 per cent have ensured an employment growth of 0.9-1 per cent<sup>5</sup>, indicating that economic growth has not been fully followed by sufficient employment growth. To match the labour market needs, at least two times higher employment growth rate would have been required to meet the natural increase of working age population which is growing annually by approximately 2.5 per cent. As a result, many young people risk falling into unemployment, inactivity or migrate abroad for work.

It is important to mention, that Tajikistan is currently benefitting from the so-called demographic window of opportunity, when falling birth rates translate into rapid improvements in the dependency ratio (sharp fall of the number of children and elderly that each person of working age has to support - from 0.86 to 0.64), and demographically induced opportunities for higher savings, investments and per capita growth (Table 2).

From the perspective of decent work and economic development the current demographic situation has two main implications. First, as the working age population will continue to grow in the years to come the economy will be under strong pressure to create new, productive jobs. Second, provided that the economy can face up to this challenge, a number of benefits will follow from the fall in the dependency ratio. At a household level it implies that each breadwinner will have fewer family members to feed, which will allow for higher levels of savings, consumption and investments. With fewer children, families will also be able to invest more in their education and up-bringing. At national level, it translates into a scope for higher levels of savings and investments, which is fundamental for sustaining high economic growth and increasing job creation as well as productivity. The pressure on the government budget will also somewhat decrease. As the share of school-age children in the total population slows down, the government can afford to invest more in providing quality education to each and every child (the share of children in the total population has declined from 43 per cent in 2000 to 36 per cent in 2010, while the share of elderly in the population remains small).

**Table 2. Key demographic indicators**

	1991	2000	2005	2010	2012	2013
Population, thous.	5505.6	6264.6	6842.2	7621.2	7987.4	8161.1
of which						
urban	1698	1670.6	1810	2020.5	2106.5	2170.9
rural	3807.6	4594	5032.2	5600.7	5880.9	5990.2
Younger than working age	2509.9	2639.4	2578.4	2714.6	2811.6	2844.1
Working age	2577.5	3295.9	3925.2	4548.9	4797.5	4920.1
Older than working age	418.2	329.3	338.6	357.7	378.3	396.9
Life expectancy	70.1	68.2	70.6	72.5	72.8	73.4
	per 1000 of population					
Born	39.1	27	26.7	31.9	27.8	25.9

<sup>5</sup> Ministry of Labour, Migration and Employment of Population of the Republic of Tajikistan



Dead	6.1	4.7	4.6	4.4	4.3	3.9
Natural increase of population	33	22.2	22	27.5	23.5	22
Migration inflow (+), outflow (-)	-5.3	-2.2	-1.4	-0.9	-0.6	-0.5

Source: Statistical Agency under President of the Republic of Tajikistan (<http://www.stat.tj/ru/>)

#### Labour market and employment

During the last 20 years there have not been any stable trends in employment rates due to the volatile economic growth of the country. According to data from the Ministry of Labour, Migration and Employment of Population of the Republic of Tajikistan in the period of economic downturn of 1991-1999, the employment rate was 90.7 per cent with total unemployment rate of 9.3 per cent. Later economic development contributed the growing employment rate (91.6 per cent) and reducing unemployment rate to 8.4 per cent (registered unemployment – 2 per cent)<sup>6</sup>. As a consequence of the economic crisis and the consequent drop in production in 2009, the employment rate declined to 88.5 per cent accompanied by raising unemployment rate to 11.5 per cent (registered unemployment – 2.2 per cent) among which 70 per cent were young people aged 15-24<sup>7</sup>. After 2009, LFSs based on the ILO methodology have not been carried out<sup>8</sup>. Therefore, key labour market indicators for the period after 2009 are not available.

Overall, based on the LFS data, the number of economically active people (both men and women) was decreasing, which can be mainly explained by decline in employment in agriculture over the years. Nevertheless agriculture still remains one of the largest sectors of economy and the most labour intensive sector, with a major influence on overall economic performance (based on LFS 2009, share of employed in private household farms is 48 per cent, Chart 1). Despite the fact that most of the agricultural products (93 per cent) are grown on private household (*dehkan*) farms, they are currently underperforming due to unfavorable conditions (liquidation of many private farms, insufficient development of non-agricultural sectors of economy and slow job creation in other sectors, high taxes and farms maintenance costs, low income in private households, influence of world economic crisis, seasonal fluctuations etc.)

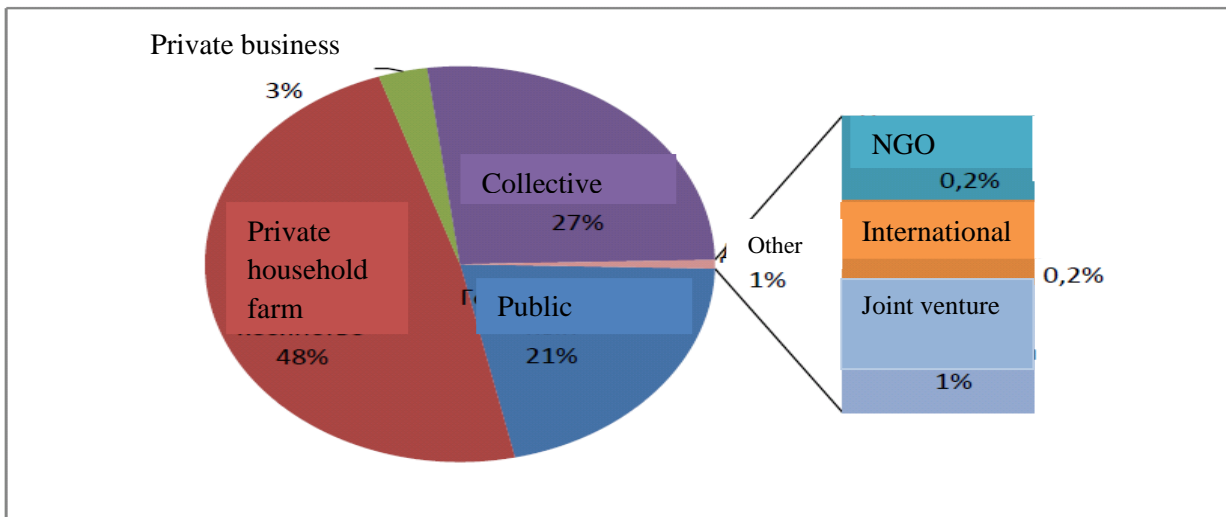
Despite the fact that agricultural sector remains the largest in terms of provision of the population with jobs, these jobs are mostly characterized by poor quality and low wages. This feature is often observed in other sectors of economy as well. In this regard, overall lack of jobs as well as poor conditions of employment in the formal labour market provoke people to find employment in the informal sector or work informally in the formal sector instead. Informal employment is prevailing both in agricultural and non-agricultural sectors, accounting for 54%, based on the LFS data 2009. The sampling surveys undertaken in the country show that the informal employment is concentrated among private small enterprises, mostly in trade, services, and construction, as well as in agriculture.

<sup>6</sup> LFS 2004

<sup>7</sup> LFS 2009

<sup>8</sup> Only two LFS were conducted in Tajikistan – in 2004 and 2009

**Chart 1. Employment share by the type of ownership, per cent (LFS 2009)**



Source: Ministry of Labour, Migration and Employment of Population of the Republic of Tajikistan

One more significant feature that is influencing Tajik labour market as well as economic performance and the development of the country in general, is labour migration. There is no accurate statistics of how many migrants currently work outside the country. According to different data for 2012, their total number varies from 800 thousand to 1.5 million, which makes up between 16 and 31 per cent of the whole working-age population, or between 27 and 40 per cent of the total labour force. Russia and Kazakhstan are the major destination countries for migrant workers from Tajikistan. Labour migration in Tajikistan is recognized as an integral part of the National Employment Policy Strategy. Since 2005, the Republic has been implementing various institutional measures for regulating labour migration. These measures are mainly aimed at reviewing and improving the legal framework, strengthening the migration monitoring system and developing vocational training of migrant workers.

## 2. The youth labour market situation

As in many other countries, young people in Tajikistan are facing particular challenges in entering the labour market. Due to the high share of young population in the country, the labour market needs to absorb more than 100,000 young graduates of all types of education annually.

As of 2012, the share of youth aged 15-24 in the working-age population reached about 35.5 per cent. If young people aged 24-29 are included in this group, the share of youth in the total labour force grows to 53 per cent.



According to the LFS data, in 2009 the unemployment rate of young persons (aged 15-24) reached 16.7 per cent of the economically active population within the country (exclusive of migrant workers)<sup>9</sup>. Over 30% of urban youth were not employed, while unemployment of the rural youth was lower – 13.3 per cent. This is explained by the fact that the labour migration is much more common among youth living in rural areas than among young people living in urban areas. In addition, many young people in rural areas are busy as own account workers and helping family members.

In terms of job search via the Public Employment Services, young people seem to more easily find jobs than adult cohorts. The average period of job search among youth is 6.8 months, which is shorter than among adults (7.2 months). At the same time, trust in Public Employment Services is low in general, and particularly so among young people. Most unemployed youth do not apply for any PES assistance, but prefer to search for a job themselves. The fact that most young people do not qualify for unemployment benefits contributes to this pattern.

Youth unemployment rates depend on their educational attainment. For example, according to official data as of the end 2011, around 23.5 per cent of all graduates were registered as unemployed, including 11 per cent of graduates from higher educational institutions, 64 per cent – from secondary vocational schools, 50 per cent – from primary schools<sup>10</sup>. A higher rate of youth unemployment is associated with lack of experience and with the fact that vocational education does not meet the needs of the labour market. Graduates with higher education are generally in demand in the labour market but still 20 per cent of those with tertiary education are working at blue-collar worker positions (among VET graduates – 34 per cent). The misbalance between the obtained skills and requirements of employers can be explained by low involvement of the employers in the process of design of educational standards and lack of participation in the on-the-job training programmes of young people.

This makes young people less selective about the type of job they are prepared to accept and many turn to temporary employment or informal employment.

As mentioned earlier, the agricultural sector remains the biggest “employer” for young people as well as for adults (65 per cent of youth are employed in agriculture despite quite low wages in this sector – Chart 2). From a youth employment perspective, the underperformance of the agricultural sector and the fact that other sectors of economy are not developing fast enough to create new employment opportunities, is thus highly worrying.

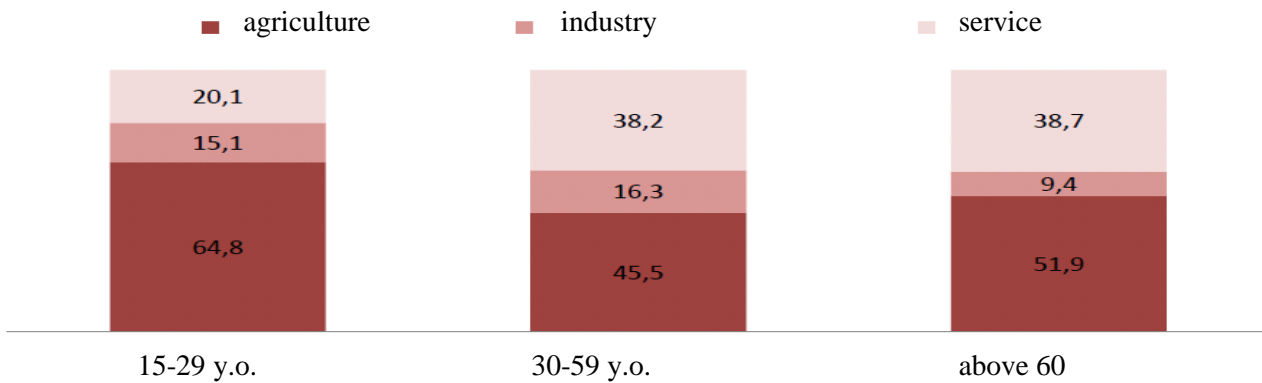
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<sup>9</sup> Decent Work Country Analysis. Tajikistan, ILO Information and Knowledge Management Unit, July 2013

<sup>10</sup> The Labour Market in the Republic of Tajikistan, Statistical Agency under President of the Republic of Tajikistan, 2012  
[http://www.stat.tj/img/a6069090cb7edbe5efb67aec241e9816\\_1358702782.pdf](http://www.stat.tj/img/a6069090cb7edbe5efb67aec241e9816_1358702782.pdf)



**Chart 2. Employment rate by age and economic activity, per cent**



Source: Ministry of Labour, Migration and Employment of Population of the Republic of Tajikistan

The situation is particularly difficult for young women especially in rural areas. The deterioration in access to quality education and training in the 1990s has had a more lasting effect on young women than on men. This resulted in a fact that young women are still over-represented among those with only basic general education and dropouts.<sup>11</sup> Lower levels of education together with lack of opportunities to engage in economic activities due to relatively high birth rates can to a large extent explain significantly lower labour force participation of Tajik women than that of men (39 per cent for women against 72 per for men<sup>12</sup>). Young women with children normally do not work, or work in low-skilled positions. In addition, women almost do not participate in migration process and for long time need to assume the role of the households' heads that also effects women's position at the labour market and their exposure to economic downturns.

### 3. Youth employment policies and programmes and related challenges

The Tajik government recognizes the acuteness of youth employment challenges in the country and is working actively to address them through legislation, policies and programmes. The main legal frameworks governing youth employment in the country include laws on employment promotion and on public youth policy. At policy level, there is a state strategy for development of the country's youth policy until 2020, a number of state programmes on youth development, as well as a national labour market development strategy until 2020 and a state programme on employment promotion 2014-2015. Policy-making falls under the responsibility of the Ministry of Labour, Migration and Employment of Population of the Republic of Tajikistan, and is practically implemented mainly through the Public Employment Service (Agency for Labour and Employment, its employment centers and other bodies) as well as Vocational Education and Training Institutions that exist in its structure. Within the Ministry, there is also a Center of Education for Adults and other bodies providing a package of services for the unemployed. Moreover, under the President Administration, the

<sup>11</sup> Census 2010

<sup>12</sup> LFS 2009



Committee on Youth Affairs, Sport and Tourism coordinates state policy since 1997 and implements activities through its specific division, Youth Labour Exchange, dealing with youth employment affairs at central and regional levels.

At present, several specific initiatives to promote youth employment are implemented:

#### *Institutions*

- **Center of Education for Adults** combines a range of services for all generations, including young and elderly people. Within the Center, which is equipped with modern technologies, a number of programmes to the unemployed are conducted, e.g. short training courses free of charge for the registered unemployed as well as more detailed and prolonged paid courses on different subjects (cooking, sewing, repairing of cars and electronics etc.) followed by issuing of official certificates and assistance in finding a job at the employers who have concluded agreements with the Center. Moreover, elderly people can get social services at the Center (cultural events, laundry, meals etc.).
- **Committee on Youth Affairs, Sport and Tourism** under the President Administration coordinates state policy since 1997 within the framework of the National Programme of Social Development of Youth 2013-2015. Funding of the programme has been growing over the years (in 2014 it was more than 25% higher than in 2013) and now allow coverage of 6 per cent of Tajik youth. The Committee implements youth related activities through its structure that includes Youth Labour Exchange, Club for Young Entrepreneurs, Youth Information Center (provides information services and training courses for youth) etc. The activities are mainly focused on the development of moral, cultural, healthy, international and patriotic education of youth as well as development of skills, social and economic opportunities of young people.
- **Youth Labour Exchange** under the Committee actively works with young people combining in its structure cultural center for youth, hot line for young people, short-term training courses on different professions (as well as language courses), department for job placement in foreign countries etc. It has a number of signed agreements with employers in Tajikistan and abroad, and helps jobseekers to process all necessary legal documents. In 2014, in cooperation with the Agency for Labour and Employment 16 job fairs were organized where more than 6,000 people took part and 826 of them found a job (547 persons in Tajikistan, others – abroad).

#### *Programmes*

- **Active labour market programmes** targeted at youth:



- *Vocational Training and Re-training* in occupations demanded in the labour market. Normally around 20,000 people participate in the programme annually. In 2014, 18,000 persons took part in the training programme, of which around 50% were young people. The activities are implemented through the education centers under the Agency for Labour and Employment, such as Center of Education for Adults, Center of Modular Education, Entrepreneurship centers etc. After completing the training course (which can last 1 to 6 months on free of charge or paid basis) participants get official certificates in Tajik and Russian language. Employment centers have concluded agreements with some of the employers where the jobseekers can be employed after completion the courses. The initiative is considered effective in terms of providing opportunities to young people and could serve as a model programme for other countries in the sub-region, particularly in terms of how to promote blue collar jobs. At the same time, there is scope for improvement. It can be recommended to attract more employers to cooperation and implement training programmes based on the professions demanded at the labour market. Moreover the programme could be more effective in rural areas in case of provision of proper equipment, staff with proper training and resources in provincial VET colleges.
- Organization of *Paid Public Works* (53 types). In 2014, 4,600 persons were referred to paid public works as a temporary measure for the unemployed, of which around 40 per cent were young people. The public works programme indeed places many young people in temporary jobs and give them important experience and skills, but it is not considered efficient in creating *sustainable* employment opportunities.
- More than 60% of created job places are in private sector. In this regard, provision of *micro-credits* supports people in self-employment and establishing SMEs. In 2014, 3,700 people got microcredits at no interest rate for 1-1.5 years mostly in industry and service sectors of the economy. About 30 per cent of those utilizing the credits were young people above 18 y.o. who passed the course on how to start a business and received professional advice in this field. This seems as a quite positive measure of stimulating entrepreneurial activity that can work even better in case of broader coverage of population by the programme (currently only 6% of registered unemployed are covered) and more strict selection criteria of the target audience in order to strengthen control for the implementation and using of funds. In addition, favourable conditions for SMEs development should be created (e.g. fiscal incentives, transparent and clear process of business registration, access to finance etc.). A positive aspect is that in addition to creating new enterprises, it contributes to development of the banking and credit institutions in the country.
- **Skills recognition/Certification** for people (including migrants) without formal education and qualification documents but with certain obtained skills is conducted. This measure is important in view of migration related issues and improving of labour force quality in general. Candidates go through practical tests and, upon passing of exams, receive certificates to prove their skills.



- Regular (monthly) **job fairs** for immediate employment of unemployed are arranged in cooperation with some employers and educational institutions. In 2014, 685 fairs were organized and attended by more than 110,000 persons. Of this number, 5,050 persons found jobs, of which 1,625 were young people. It could be recommended to conduct specific youth targeted job fairs with involvement of leading educational institutions of all levels, employers and relevant governmental bodies , and to introduce modern technologies while conducting the fairs in order to raise the efficiency (e.g. skype technology where it is available).
- **Quotas** for employment of disadvantaged groups of jobseekers. The range of those eligible for this measure is very broad, but mainly focusing on those who experience particular difficulties while entering the labour market (e.g. persons with disabilities, single parents, parents with children with disabilities, pre-retirement age persons etc.). In 2014, around 1,000 young persons were employed through quotas. Despite the fact that there is legally stated responsibility of employers to apply quotas, in case of non-observance the law, no sanctions are applied. It can be recommended to reduce the number of groups assigned to this measure, focus on several specific groups (e.g. people with disabilities, disadvantaged youth and women) and ensure access of other disadvantaged groups to different labour market programmes. This can help to better monitor and evaluate the outcomes of the programme.

While some of the above mentioned initiatives are generally considered effective in improving the employment situation of those young people who participate, it is clear that the share of unemployed in general (14% in 2004; 10.5% in 2009), and unemployed youth in particular, who register with Public Employment Services is very low, restraining the access of young unemployed to the above services.

#### *Identified challenges*

Although the overall youth unemployment rate in Tajikistan is not so high in comparison with global average, the peer review showed that there are several underlying challenges which need to be tackled in order to achieve decent employment, both in terms of quality and quantity, for young people in Tajikistan.

#### **Creation of decent and productive employment:**

Considering the high share of young people in the Tajik economy, a significant number of jobs should be created annually for new entrants into the labour market. This, in turn, requires high and stable economic growth, driven by sectors of the economy which are characterized by decent wages, low informality and high productivity. In other words, increasing job creation in non-agricultural sectors and overcoming the crisis that currently exists in agricultural sector need to be achieved in parallel with productivity improvements and formalization of employment. This requests development and implementation of pro-employment economic policies promoting both the quantity and quality of employment through a combination of coherent macroeconomic, sectoral,





labour market and social policies.

**Strengthening of the labour market information system:**

Provision of accurate information on the labor market situation and establishment of a sustainable system for monitoring and forecasting are key factors contributing to the most effective regulation of the labour market. Today the collection of labour market data in Tajikistan is carried out only on the basis of two special forms of official statistical reporting and several sectoral reporting forms, which are generally not capable to reflect the labour market situation in terms of quality and quantity. The most accurate indicators can only be obtained when carrying out the regular (usually quarterly) survey of the economically active population, covering 1% and more of the households.

This is important as the labour market data and information characterize the quality of the workforce, including the identification of labour market demand as well as necessary skills.

In Tajikistan, Labour Force Surveys (LFS) were carried out only twice (in 2004 and 2009), and the quality of the workforce has not been studied. Moreover, there is currently no mechanism for identifying the quantity and quality of newly created jobs.

**Formalization of the informal economy:**

Though informal employment is notoriously difficult to measure, there is little doubt that it is one of the key challenges in the Tajik labour market, hitting young people particularly hard. Due to the fact that young people lack documented vocational qualifications and work experience, they often have no other option than to accept jobs in the informal economy. Thus, youth are heavily over-represented in the informal economy. As a consequence, young people are deprived of access to social security nets, exposing them to precariousness at an early stage. They also suffer from skills deterioration and lack of possibilities to have skills recognized, meaning that they may end up in a vicious circle of prolonged informality spells. All of this contributes to discouragement, entailing high societal costs in the long run.

In addition to the adverse effects which informality has on the individual employee, it brings about consequences for the state in the form of considerable loss of potential tax revenue. This, in turn, impedes the development of social security systems, education and health care.

To speed up formalization of the informal economy, an integrated approach is needed so as to tackle the issue from all relevant angles. In terms of employment, improved job creation in formal and productive sectors is crucial. Targeted measures, for example increased coverage of the population by the skills recognition programmes, development of a registration mechanism of employed population in agricultural sector can be taken to address informality in rural areas or informality of certain occupational or age groups. To promote formal registration of businesses, a number of disincentives to registration need to be reduced, including licensing procedures, tax rules and



regulations, and lack of access to finance. Social partners play a key role in, for example, finding ways to extend coverage of law to workers and employers in the informal economy.<sup>13</sup>

#### **Utilization of labour market institutions (Public Employment Services):**

The Peer Review exercise revealed that programmes implemented by employment services and targeted at youth have generally positive effect in terms of creating employment opportunities in Tajikistan. Nonetheless, the fact remains that a very low share of all unemployed persons turns to employment services for assistance during periods of unemployment. Moreover, young unemployed persons are even less prone to do so.

Employment centers are understaffed and still have low appeal to large parts of the population, as many of the jobs offered through such services are unattractive, and response to labour market demands is slow. Lack of adequate funding affects both quality and quantity of services provided (e.g. around 20 USD are foreseen for the implementation of ALMP per 1 person). Moreover, many unemployed persons, especially youth, do not meet the criteria entitling them to unemployment benefits, which is yet another reason for not registering with employment services, where these benefits are otherwise handled and disbursed. As a consequence, more than half of all young unemployed search for jobs by themselves, meaning that employment services in the country are not functioning as facilitators between employers and potential employees to the extent that they could and should be. Based on the received information, only 3-4% of employers regularly provide their vacancies to the database of PES, and no sanctions are applied to those employers who do not follow the law. This in turn decrease the quality of the programmes and services provided by PES (e.g. on average, only 7 persons per one job fair can find a job). Provision of more information to both employers and jobseekers on the PES activities could help attracting them to better interact with PES.

There is also a need to cooperate more closely with the educational authorities in order to bring demand and supply in equilibrium through reforming the system of vocational education, modernizing the system of occupational standards and base on them educational standards, introducing modern technologies as distance and multimedia forms of education process and improving the technological base.

#### **4. Main findings from the peer review round**

The review made by the Azerbaijani delegation focuses on the measures that are undertaken in Tajikistan to promote youth employment and institutional capacities of the country. The findings of the reviewing country were discussed at the peer review meeting where seven countries of the sub-region were present.

The findings of the reviewing country and members of the youth employment network can be summarized as follows:

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<sup>13</sup> ILO (2014)



### **Institutional capacities to design and implement employment promotion policies**

The Tajik delegation was complimented for doing a solid job on collecting information and data on the current youth employment situation and sharing information open-mindedly. In Tajikistan, there is an extensive legal framework in the field of implementation of employment promotion policies, including laws, government programmes and regulations covering measures on employment and social protection as well as defining the main directions of socio-economic development of the country. At the same time, firstly, the controlling and enforcement mechanism should be better monitored in cooperation with relevant authorities. Secondly, to implement the measures foreseen by the law it is important to have full information about the real situation on the labor market. An analysis of statistical data, as well as information provided by the analyzed countries, allow to conclude that there is a lack of statistical information on the labour market, it is not segmented and the available information is outdated (LFS 2009).

Public Employment Service has a large infrastructure and covers all the regions of the country. At the same time it can be concluded that staffing, modern equipment and financial resources of the public employment service remain unsolved and influence the ability to provide appropriate services and implement labour market programmes (both passive and active) for jobseekers and employers.

The structure of the Ministry of Labour, Migration and Employment comprises 62 institutions of primary vocational education. In this regard, the Ministry develops and implements policy in the field of primary vocational education and adult education, in particular developing draft regulations and state standards of initial vocational education and adult learning, and ensures the implementation and supervision of the implementation of these standards. It was noted that the Center of Education for Adults and its 28 branches contribute a lot to professional education and training for young people. The center is meeting modern requirements of technical base; training is conducted on the basis of modern modular programmes and professions, which are taught, are in mostly in demand in the labour market and are very popular among young people. In addition, the activities of the specialized vocational school for the disabled persons were highly appreciated. Its training is also based on the most demanded professions, taking into account disability issues. The school provides services for physical rehabilitation of people with disabilities as well as medical care. Particular attention attracted cooperation and good coordination between the Committee on Youth Affairs, Sport and Tourism and the Ministry of Labour, Migration and Employment of Population and joint activities on facilitation smooth transition of young people into the labour market which do not duplicate but mutually enrich each other.

An improved and comprehensive information system on the labour market situation and needs, as well as an effective system of monitoring, evaluation and skill needs forecasting, would provide significant advantages in terms of matching the quality of the workforce with the labour market needs. Decision-making in the development and approval of occupational standards, adaptation of educational programmes to these standards, development and introduction of modular programmes based on the needs of the labour market etc. within one Ministry avoids loss of time associated with the bureaucratic delays and gives an opportunity to develop priorities in this direction.



### **Efficiency of current programmes and measures**

The main policies and programmes which are currently implemented in Tajikistan (listed in section 3) were generally considered relevant and effective. As in most countries, they could be further expanded, but considering the economic situation of the country, it was recognized that the budget sets natural limits to this.

In terms of the good practices presented by Tajikistan, discussions served to verify which of these initiatives are most relevant, efficient and transferable to other countries. The discussions revealed that all the practices were of interest to the other network countries. Some of the measures are utilized in many countries already, whereas others were seen as new and inspirational, confirming that there is a need to further highlight successful policies and programmes which are being implemented in countries of the sub-region. All the participants were of fairly similar opinion, agreeing that the Youth Labour Exchange under the Committee on Youth Affairs, Sport and Tourism and Center of Education for Adults under the Ministry of Labour, Migration and Employment of Population are the most interesting and transferable good practices out of the many suggestions. The reason for this is that it is an effective way of promoting cooperation between different governmental authorities as well as employment promotion of all age groups in combination of different types of social and other related services.

For active measures to work as effectively as possible, monitoring and evaluation systems need to be strengthened in combination with increasing visibility of the PES activities in order to attract more people (especially young) and employers to cooperation.

### **5. Recommendations for follow-up**

Based on the review report and discussions during the Peer Review event, the following key policy recommendations to the Republic of Tajikistan can be extracted.

1. To address existing obstacles to youth employment, an integrated concept capturing dynamics of population, labour market targets in general and employment targets in particular, as well as education targets would be required. This should be based on improved system of data collection and analysis, reviewing not only the current situation, but also dynamics of data over time. It should be done through modernization of IT equipment and pro-active labour market surveys and labour market forecasting.
2. Stable pace of economic development seen in the economy over the last 10 years as well as favorable demographic situation in the country (high share of young population) create conditions for labour market development in Tajikistan. At the same time, job-rich economic growth should be in the centre of policy-making. It is crucial that jobs created are in the formal sector and of a productive character. Moreover, macroeconomic aspects should be always taken into consideration while developing and implementing the policies and programmes with close coordination between the relevant institutions and bodies and through conducting social dialogue.



3. Although the legal basis of Tajikistan is well developed and covers many social and economic fields, it can be recommended to further improve complementarity and coherence between public policies in the promotion of decent employment and strengthen the legislation in the area of labour relations aligning it with the international legislation and enhancing monitoring of law enforcement. In this regard, improved coordination with relevant bodies and institutions at national and regional levels can help together with learning international experience in particular fields.
4. The assistance provided by Public Employment Services, including on-going active labour market programmes, is considered relevant and effective. However, all types of services could be intensified to reach more people (especially youth) and with even higher quality through information campaigns and outreach activities. Taking into account scarcity of financial and human resources, Active Labour Market Programmes should be adapted to the current needs of the labour market. In this regard, financial resources of some of the measures that do not prove high efficiency could be reallocated to other initiatives. This can include introducing apprenticeship programme (3-6 months) for young people in order to raise their competitiveness at the labour market; concluding tripartite agreements (between the student, employer and PES) while conducting vocational training programme in order to guarantee employment for 1 year after completing the course; consider providing subsidies (grants) vs credits to potential entrepreneurs that should not be returned in case of successful running the business; providing subsidies (e.g. instead of quota system which does not work well) to employers in case of hiring young people and women from disadvantaged groups, as well as people with disabilities in order to compensate for low productivity of such workers at initial stage; training rural population on modern agricultural occupations and technologies; and improving the system of career guidance.
5. Further capacity development of Public Employment Services would be required to improve the reputation of such services among young people. Such capacity development should include trainings on design, monitoring and evaluation of policies and programmes; and development of efficiency criteria of PES activities (e.g. performance control by objectives) and implemented programmes as well as increasing its funding.

These recommendations will be taken into consideration when planning future ILO interventions in Tajikistan.



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